

A REAGAN INTERVIEW

INTERVIEW, From A12

ber us in conventional weapons in almost every category. Their Navy has several hundred more ships than we have. We've been making progress. We think that we have, we've achieved. I think a deterrent to the effect that they'd have to think twice about taking us on. But we haven't caught up with them or surpassed them in any sense.

Trade With Japan

Turning to trade with Japan, you have expressed your sympathy with Prime Minister Nakasone's problems in trying to open up markets there. Nevertheless it appears that negotiations continue to be very difficult with Japan, particularly in telecommunications most recently. Are you satisfied after the report from your special envoy that some sort of agreement can still be reached, or do you think you're going to face an increasingly frustrated Congress on this issue?

Well, I'm going to place my confidence in Prime Minister Nakasone and confidence that he wants to arrive at a solution to these trade problems as much as we do. And of course, just as I do, he's got some political problems of his own. But our representatives came back and they are reassured that there is no lack of intent on his part, and they're assured that he is going to continue doing his utmost to bring about some changes, evening up this trade imbalance. And so we're going to—we'll just have to wait and see what he can accomplish.

We have made some progress so far, some time ago, with regard to citrus fruits, beef, things of that kind, and I'm—the negotiations aren't over by any means.

Mr. President, for a long time you've been theoretically strongly committed to the idea of free trade. Will you make an active effort to try and oppose the legislation, the protectionist legislation that now appears to be building in the Congress?

Yes, I will. Because protectionism, if you go back over the years—all of you have only read about it—but the Great Depression, I think the Great Depression was extended and carried on and worsened because of a tariff situation on our part called Smoot-Hawley that reacted unfavorably against us. It was supposed to be protectionist. But protectionism is a two-way street. And it may be that here's an industry that is suffering from, let's say, some unfair competition. What we're trying to cure is unfair competition, to see that the markets are free to each other, both ways, that we're not competing with subsidized products, government-subsidized and so forth. And all of these things we're doing our best to change.

But in normal competition and international trade, to set down here a restriction that is based on some import in our country from another, they then may retaliate and affect another industry of ours. So to help one industry by protectionism, when you can't help all the others that are our exporters, what's going to happen to them at the other end? We saw a little example of that, not exactly in this sense, in the grain embargo. We lost a market, and we lost our—a recognition of us as a reliable trading partner in doing that.

A Visit to Dachau

Mr. President, you said in your last news conference that you didn't want to visit Dachau (Nazi concentration camp) during your upcoming European trip because of an unnecessary guilt feeling that you said had been imposed on the present-day German people. How do you respond to those American Jews who have interpreted this remark as minimizing the Holocaust and as passing up an opportunity to dramatize this idea of "never again"?

Well, here again is one that maybe—well, no, maybe about it—I guess I should have elaborated more in my answer. I've made it very plain and spoken publicly on a number of occasions and will continue to say: We should never forget the Holocaust. We should never forget it in the sense that this must never happen again, to any people, for whatever reason, in the world.

What I meant—to be a guest in that country, at this particular time, when it is the coincident date with the end of the war, and recognizing that most of the population there—I grant you, there are some people there my age who remember the war and were participants in it on that side—but the bulk of the population, you might say everybody below 50 or 55 were either small children or were not born yet. And there's no question about their great feeling of guilt even though they were not there to participate in it, of what their nation did.



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And then to take advantage of that visit, on that occasion, to go there, I just think is contrary to what I believe we should all start recognizing the day of the end of the war, and make it more of a celebration of the fact that on that day, 40-odd years ago, began the friendship that we now know. Forty years of peace between us. And at the same time, you can say: and let us keep it this way and never go back to that other way. And it just seemed to me that it would be just out of line to emphasize that when I was there, as a visitor in their country.

I am supportive of the Holocaust Museum. I have done everything I can to be supportive of that. And I will say anytime that anyone wants me to say it, as publicly as I can, that no, we must never forget that chapter in the history of humankind. That, and our determination it must never happen again.

Tax Revision

Mr. President, on tax reform. [Treasury] Secretary Baker is at work, as you know, trying to come up with a revised proposal. And you have frequently talked about your desire to lower individual taxes. Yet the first Treasury plan envisioned a higher corporate tax burden. Are you willing to accept higher burdens on corporations as a trade-off for lower burdens on individuals?

Well, no, the corporate tax was going to be cut even more than the top personal rate in their plan. What we are talking about is generally more money from the corporate sector, but by way of broadening the base, that the rates would be lower for everyone, but there would be an end to some loopholes that probably were never intended to allow large profit-making corporations to escape tax, totally tax-free for years on end. And it would simply mean that there would be more fairness, that you'd know that your neighbor was paying a tax too, and not getting off scot-free.

So you would envision, as a result of this effort, both lower corporate and individual rates and all the revenue that's lost made up entirely by base-broadening efforts?

Yes. The rates, there's no question the plan calls for a 33 percent top rate instead of 46 for corporations. And then it goes 50, 25 and 15 for the, I mean, 35, 25 and 15 instead of the 50 and other 13 tax brackets for individuals. So, no, we don't want to penalize some taxpayer into paying a higher share by way of higher rates. We want all of the rates to be lower, but as I say, close those loopholes that have permitted, this thing of very profitable businesses not paying any tax.

On Being President

Mr. President, you said at St. John's last week—I know you were in a lighter mood—you said to the students that you're not a young man anymore. You are a person who's always celebrated your own vitality, and I guess I wanted to ask you whether you feel yourself aging or growing any older in this job?

No. Do I look older? I don't feel any older. No, I feel fine. No, I haven't. I think maybe part of it is there've been a lot of people who've sat at that desk and come from let's say different experiences in government by way of the legislature, for example. I have to believe that eight years as governor of the most

populous state in the Union, California, was a pretty good foundation. In other words, I didn't find things too different. I had eight years of dealing with many of the same problems. Granted, we didn't have the foreign policy in California. But I think that this is part of it. For eight years somebody handed me a piece of paper every night that told me what I was going to be doing the next day.

And when I became governor I had something of the same problems in California that we had here. I came in in the middle of the fiscal year. You don't quite come in in the middle here, you only come in four months into it. You've got eight months to go on the other fellow's budget. But the middle of the fiscal year and with already a deficit that had been piled up in California and the difference there—and I wish I had it here—the difference there was that, but in the six months remaining, to me in that—when I took office of the budget, that first budget, I had to balance the budget, which was one of the reasons why, in contrast to everything I'd said in campaigning, I had to go for a tax increase because when July 1st came, that budget had to be balanced. But I promised the people that, as soon as we could, we would give it back. And we did. You know that. And every time there was a—we got to the place where it was surpluses, not deficits, and every surplus we gave back to the taxpayers.

Balanced Budgets

Well, Mr. President, speaking of the balanced budget, you apparently, or reportedly, got very upset at a congressman who quoted—who said that he asked you if you want a balanced budget, why don't you submit one? Well, I'd like to ask you: What was your response to that question?

That it was the most hypocritical question I've ever heard.

Why did you say that?

Well, as a member of a party that for 50 years, with only a couple of years' exceptions, two or four years' exceptions, has been responsible for the government spending, the Democratic congresses of the past 50 years, and we've had deficit spending for 50 years, and a trillion dollars piled up in national debt before we got here, that for someone now to suggest, when they themselves have refused to give me the cuts I've asked for, to suggest that I should have asked for so many more cuts, that we had a balanced budget all at once, no.

It is hypocritical. He knows and everyone knows there's no way that you could pull the rug out from so many people by trying to balance this budget in one term, in one year. You have to—the people have become accustomed for a half-a-century to many of the things that government is doing. So you've got to warn them that down the road here it's not going to be doing some of these things. And you start us on a downward path of reducing the deficits to where you can point to a time reasonably certain and say, here is where we can reach the balanced budget. And this is our goal.

But for him, as a member of the body that has refused to give me the cuts that I asked for ever since, I've been here—if they'd given us the cuts in 1981 that we asked for, the budget deficit would be \$50 billion less than it is today. And then you him to say, "Why don't you submit a balanced budget?" Yes, I told him that, in no uncertain terms, how I felt about it.